

SECRETARY OF DEFENSE WILLIAM J. PERRY  
INTERVIEW WITH THE SERVICE TIMES EDITORIAL BOARD  
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Secretary Perry: The last time I talked with many of you as a group was last July. We talked about some of these same issues. At that time I indicated we had some things in preparation. We still do have things in preparation, but I can announce a few conclusions today. That's what I wanted to do in this press conference.

Since that July meeting I've spent more time visiting bases. I've spent, specifically, a lot more time talking with our senior enlisted to get their views on what the problems were. The issue, as you recall, was readiness. I mentioned at that July interview with you that I had become persuaded that our near term readiness was really very good, and I continue to have that conviction, but that I saw many factors which were eroding the quality of life for our military personnel, and I was greatly concerned about that setting us up for a readiness problem several years in the future, so I wanted to nip that in the bud.

During that few months period then, I discussed with the senior enlisted and with the people I talked with at bases and with the people in the building here, what a reasonable set of initiatives were. I had a long list, as you can imagine. I just the other day made a decision on what to do on those programs. This was part of our budget review. We have, as you know, a number of decisions in the budget which we call PDMs. I've been making those decisions over the course of the last few weeks, and I have another week or two to go on that. This is one of those PDMs. Those are quality of life initiatives. There are a whole set of alternatives laid forward there, and I've decided on which ones I'm going to do and how much money I'm going to commit to it.

Over the course of the FYDP, I've committed funds of \$2.7 billion for this incremental quality of life initiative. That figures out to about \$450 million a year beginning in FY96.

Also we have agreed upon a set of specific programs to kick this off, and I believe Ken has given you a sheet which sort of laid those programs out.

I want to emphasize that the details of that can and will change, certainly in the out years. We don't even try to specify the detail in the out years. They may even change some for the FY96 program itself. Because the second initiative I want to describe to you is creating a Quality of Life Task Force. That's going to be chaired by Jack Marsh. Some of you may remember Jack, formerly the Secretary of the Army. Over the course of the next few weeks he'll be putting together the members of that task force, and hope to get it up and functioning around the first of the year -- either right before Christmas or right after the Christmas holidays, depending on how quickly we can get the other members set up and ready to go. I'll come back to that task force in a minute.

In addition to setting up this external advisory board and setting up a committee within the Pentagon which I'll call an executive committee -- I chose that word carefully because I want this committee to execute, to pick up the ideas from the task force as they come out and get them into the system and get them executed. That is to say I do not see this task force as somebody that spends a year or a year and a half studying and writing a report, and then handing me a report. I want action on their ideas as we go along, and that's why I have this executive committee set up, to work synergistically with them, to pick up their ideas and get them into the system.

To get back to my comment about the quality of life initiatives, the funds then are set up there, for which we have designated a set of programs. It's certainly conceivable in the course of the functioning of the task force they'll come up with ideas, with better ways of using those funds. Therefore, I would not be surprised to see some changes in detail in how that money is to be expended. But the principal function of this task force is not to come up with a list of how to spend money. We have plenty of people in the building that can do that. It's to find innovative ways, high leverage ways, of improving the quality of life. Some of these will be non-appropriated issues.

For example, one of the specific tasks of this task force is to find ways of improving, getting new and better housing on bases through private funding. By definition, this is an off-budget item. We have done that in the past a number of years ago and have run into, let me say scoring problems in continuing it. Without

going into arcane details on that, that was sufficient to stop the program. I'm going to go back and reexamine that whole set of issues and see if we can revitalize a program, a vigorous program of getting new base housing built -- family housing and single dormitories -- through private development on base property, so that's going to be one very specific task of this task force, is to find a way of doing that, to bring private developers in, they'll be working the legislative aspects of it, the budget aspects of it, and recommending a way of getting moving on that program again.

Another related non-appropriate way is finding a way of making better use, providing better services on bases -- not just housing, but services. Again, through private development. All of you have been on bases and seen the McDonalds and the Kentucky Fried and the bowling alleys and so on. These have been very effective, and we think we can make greater use of these in the future, too.

They'll also be looking at program which require funds, but what I call high leverage programs where a relatively small investment in funds can lead to a high payoff and improvement in quality of life. An example of that is some of the self help programs which exist at bases today where the government puts up some lumber and some paint and people pitch in and get things done that they want to get done with those resources.

Another example of what they'll be looking at are ways of improving the personnel tempo from... Some of our units and some of our specialties are overstrained in the personnel tempo area. When I was in Europe last month we looked at some specific programs they had underway to deal with this problem. They were making quite an innovative use of the Guard and Reserve forces to come in and rotate Guards and Reserves through there to take over active duty functions for some period of time so that the units that would do those, instead of having to do it for six months out of the year, might only have to do it for three months out of the year. So that's another example of the kind of program they'll be looking at.

All of these things are designed to improve the quality of life of our soldiers, sailors, airmen, and marines.

I guess the other comment I wanted to make which relates to this is I will announce in a press conference that we're not going to reduce the benefits for commissaries. I keep reading in your paper stories that this is being studied, that's being studied, and I just thought it might clear the air if I could make a categorical statement in that regard. I've said that before and it's nothing new, it's just the stories keep popping up and I thought if I made a high visibility public statement, that might put this issue to rest.

That's not to say we won't continue to look at ways of improving the effectiveness and efficiency of commissaries, but we're not going to be reducing the benefits of them. The various proposals that we can save this many millions of dollars by doing that, we just said no, we're not going to do that.

Those are the things I'm going to be announcing in the press conference, and I thought I'd give you all a chance to... It's a little more detailed than what I will say in the press conference, enough to give you a chance to ask me some questions about it.

Q: The first question would be a clarification of the overall reason for this, but you mentioned before that short term readiness right now is fine, but you see some potential problems on the horizon. Can you point to anything specific that would prompt a sweeping package like this, \$27 billion? I've only been with the paper for three years, but I'll tell you, I've never seen anything like this. Was there a retention issue problem there? Are you hearing a lot of complaints in the field?

A: I'm hearing a lot. The problem is, I'm going out to bases and listening to people. (Laughter) When I go to bases I don't just talk with commanders, I always sit down and have a breakfast with the senior enlisted there, or a luncheon with them, with no commanders, no officers present. You get an earful that way, believe me. My wife comes with me on many of these trips and goes and visits the day care centers and the hospitals and tries to get some feelings as to what problems the families and spouses are experiencing there.

There are two issues. First, there is a readiness issue. There's a future readiness issue which will be affected by this. Secondly, we have a responsibility to treat our soldiers right, and their families. It doesn't make me proud to see us putting them in positions where they have to go on a nine month waiting list for child care facilities, and where we have no adequate housing for them on base so they have to go into town and it happens to be a high rent area so they can't afford it, so they end up living in slums. We just ought to do better than that by our soldiers.

Q: You say you visit a lot of bases. Were you...

A: I do want to say, though, that all of the statistical evidence I have so far suggests that retention remains good. We don't see that as a specific problem at this time. It's the concern for retention in the future, rather than the statistical evidence pointing to a problem today.

Q: With all the visiting of bases that you've done, has this problem been more severe than sort of when you came in and hadn't looked at it, you hadn't

envisioned this was going to be this kind of a problem? Was this sort of an eye opening? My God, we do we do have a potential problem here.

A: I think the problem has existed since I've been in office, but I'm just getting more and more evidence of it. I don't see any evidence that it's getting worse during that period.

The housing problem, for example, dates back many years. It really dates back to the time when we went to an all volunteer force and the demographic character of our force started to change. We now have a much, much higher percentage of our servicemen who are married and have families. In the mean time, we have not increased the base housing. So all we have to do is look at the demographics to understand why it is... Our base housing problem seems to get worse every year because of that. In the mean time, not enough funds have been put to maintain even the bases we did have.

One of these initiatives as you saw in there was simply fixing up a lot of the housing that already exists, some of which was in such shape that we were ready to shut it down. We just can't afford to shut down that housing.

Q: What's the congressional layout of this, Mr. Secretary? Do you envision that you're going to be able to move these things through the process reasonably quickly, or is that an unknown?

A: This, of course, will go in with the FY96 budget commission, and I believe we'll get good support from the Congress on this based on not specific discussions of the initiative, but in general discussions of this problem.

We have good support in the Congress for readiness initiatives and quality of life initiatives. I think they will support this.

Q: Do you worry about a (inaudible)? When the drawdown started and the transition benefits started going through Congress there was sort of I'll take your transition benefit and top that with one that's even more generous, and with a different party in control of Congress now, is it okay with you if they try to out-do you?

A: I don't think that's going to happen. This will be seen, I think, as an aggressive program. Therefore, I think because it's not incremental, because it's aggressive, I don't think there's that problem. You just never know until you get over to Congress and start debating them, but my guess is we have this one sized just about right so we will get the support of the people we need, and we will not get into a bidding war.

Q: Mr. Secretary, you mentioned that this has been a part of the internal Pentagon budgetary decision so far. Do you have OMB approval for this? And do you have any concern at all that you might run into some opposition within the Administration...

A: The entire defense budget, the FY96 budget and the FYDP have to go in for review and approval by the President. That's more than a month ahead of us yet for doing that. This will be one component of that. But yes, of course, I have reviewed this particular program. So they understand this is something that will be part of the submission we make.

When you look at the whole budget, you're looking at a top line, and you look at all the different programs in it. I have a lot of confidence that this program will survive that budget cut...

Q: You said there are going to be some very critical issues about inflation that take place...

A: We have some difficult discussions ahead of us concerning the top line of the defense budget. You're well aware of those problems. In terms of have we reviewed this particular program carefully within the White House, the answer is yes, we have.

Q: Mr. Secretary, it wouldn't be an interview with the Times papers unless we asked you a pay raise question, so I have to ask you this. It's not on this quality of life initiatives list, but there's been a fair amount of talk about pushing for a full federal pay raise that is allowed by law for the military next year, and perhaps even including that in the out years. I was wondering if you could give me any insight into where that is in the budget process right now. Are you behind the ECI line at the half or the pay raise...

A: I support, and have stated in the past that I support an ECI minus a half, and will be supporting that in my proposal on the budget. That will be one of the major issues that will have to be reviewed and discussed in this top line review of the budget. So that decision is going to be made, ultimately, by the President, and it's a pay raise issue which affects not only the defense budget, but it relates to the entire federal pay issue. So I will make my proposals on that, but it's going to be considered in a much broader context, so I cannot give you a confident forecast as to how that's going to come out when the dust settles. But I can tell you yes, I do support that.

Q: In terms of the day care initiatives that you have. Is most of the money for building new day care centers, or are you trying to buy more off-base day care, private contracting of day care? What's the initiative?

A: I can't answer that Jim, but even if I did answer it today that could change in the next few months as we start to work more detail on it. Basically what I've agreed to do is put up enough funds to increase the capacity from about 50 percent to about two-thirds. How that is done is still going to be worked out in detail. I hope we find innovative and high leverage ways for doing it so that amount of funds may even provide more than the two-thirds which I've described here.

Q: Do you have a sense for the differences, especially in housing quality of life, between the services? I'm wondering if Secretary Marsh would be more conversant with the Army problem. I think it's our sense that the Army problem is the worst problem. Do you have any sense for that?

A: It's my sense that the Army problem is the worst problem, but each service has its own set of problems with respect to housing. We cannot generalize on housing. The Navy has a very special set of problems, with the sailors living in... All of you have been on board ships and seen the cramped conditions on ships. Some of the sailors live on those ships when it's in port. I think that's a very special problem with the Navy. So each service has their own set of housing problems. They are very different. Probably in terms of the money required to fix the problem, probably the Army is the most severe.

Q: Do you have a breakdown on how the services are going to divvy up the money as far as better living accommodations?

A: Yes, we do. I would suggest after the press conference if you could nail Fred Pang, he can give you the details on that. Fred will be with me at the press conference and answer questions there, but he particularly will be available after for more detail.

Q: If we could talk a little bit about the compensation improvements on the cost of living allowance in high cost areas, the so-called CONUS COLA. That 109 percent percentage is considerably better than what the Department originally thought it was going to be able to do. I think the early thought was maybe in a 12 percent range or even a 14 percent range. Do you have an effective date for that? Is that going to happen in calendar year '95 in certain of these areas?

A: All of these proposals are at the beginning of FY96, but we will be exploring during the year ways of moving up those, some of them we hope to be able to move up into '95. But the proposal I'm making right now is only for the FY96 and out years. But the question is a perfectly good one, and we will be doing what we can during FY95. All of these things, if they're good to do in FY96, they're also good to do earlier than that.

Q: This task force that you're referring to, is it similar to the one that the Army was trying to do this summer and had to hold off creating a set of standards that soldiers could rely on for child care?

A: One of the specific issues which Jack wants to look at is whether it is appropriate to set up quality of life standards in some areas across the services. We will do that very carefully, because we recognize there are a lot of differences from service to service in the kinds of issues and problems we have. Jack will be very sensitive to that issue. And we will have on the executive committee that I described to you, that is going to carry out the recommendations of the task force, that will be chaired by Fred Pang with Alice Maroni and Josh Gotbaum on it. But it will have a representative from each of the services to make sure that we're doing this with the services, not as something that is separate, an OSD initiative. We don't want an OSD initiative separate and outside the services. We're going to work arm in arm with the services on this whole program.

I reviewed this very carefully with the Service Chiefs, with the Service Secretaries, and with the senior enlisted of all of the services before we put the final package together.

Q: Regarding the Ops Tempo, and I'm assuming that includes the TDY rates. How much flexibility do you have there given the amount of real world missions you have to do? You talked about using the Guard and Reserve, but the Air National Guard, for example, the tanker units already turned out some small exercises and are saying they really can't do much more than they're doing now.

A: The problems that you're describing here are things that have kept us from using the Guards and Reserves more effectively in the past. We have to find some way of breaking down some of those barriers. Those would involve using Guards and Reserves for more than two or three weeks training a year. To get full effectiveness out of this, you generally have to have them for more than a couple of weeks. It involves dealing with the problem of who puts up the funds for doing this. There are funds from the CINCs, there are funds from the Guards, there are funds from the services, and we have to find some way of doing it so that each of those three see a way of benefiting from this program. It's going to take some real creativity to find a way of doing it. But the benefits of doing it correctly are so great that it will have great incentive to push hard on it.

We do have a few successful [existing theorems]. That is they have succeeded in doing this in the European theater with small units in small ways. What we're trying to do is build and expand upon a model that's already been successful.

Q: Last week there was a conference on youth violence sponsored by DoD. There were some fairly disturbing tales, most of them anecdotal. Can you give us



some sense of... The handout was fairly vague on that you want to address this problem, but unlike we're going to build more housing we're going to do more day care, do you have some sense of what you're looking for in terms of dealing with it? And it's obviously not a unique military problem, but are there aspects of it that are unique to the military environment?

A: It's not a unique military problem. I have no evidence that there are aspects unique to the military, but it is a real problem for the military. That conference simply illustrated the nature of the problem. We don't specify here a concrete program for dealing with it. We just say we want to reflect the fact that it is a serious problem and we want to put some resources on it and pay some attention to it.

Q: The increase to the basic allowance for quarters. That raises an interesting issue. You're closing the gap from 20 percent to 15 percent, looking at the details. That's essentially the blueprint for the BAQ and housing and VHA, the variable housing allowance now. The Pentagon has already committed to doing 85 percent, it just flat out hasn't been able to do that in the last few years. Are you looking for some kind of a long term fix for the housing, for the off-base housing allowance problems? Otherwise this is going to pop up again in four or five years.

A: The long term fix is to get better on-base housing, and that's what one of the major initiatives of the task force is to be. I would say that's a headline program in this task force, is to find a way of dealing with that problem.

Many of these other measures are just short term fixes for the fact that we don't have adequate base housing to begin with. So on the one hand, this is intended to ameliorate that problem, but on the other hand, the private development of housing on base is intended to fix the problem. That's over the long term. I want to emphasize that we will be looking at initiatives which will have a relatively near term effect, too. If we can get moving on private housing on bases, we can move pretty fast -- in months, not in years, to actually get houses started and built and people moving into them.

Q: What do you think about the Army's idea to give everyone BAQ and VHA and charge people for living on post? That's something that was around earlier this summer.

A: I don't want to sign up to that. That's an interesting idea, I'm just not ready to commit to it at this time.

Q: Do you have any worries about it, any concerns?

A: I don't feel that I have looked into that deeply enough to come to a final judgment about it. I'm reluctant to make a specific comment on it.

Q: On housing, the Air Force has come out with the goal of getting every airman their own room within the near future. Do you think that's a realistic goal given the problems in the other services that [they] have to take care of first?

A: I think there is a tremendous benefit to having private rooms for airmen and for soldiers as well. We're a long, long way from being able to do that across the board in the services. The Air Force makes a very persuasive case of the real morale benefits in doing that. Where they have done it, it's been a very positive development. So I think that's reasonable to hold up as a goal, but I cannot put a schedule by which we're going to be able to achieve that goal. When you contrast that with the Navy living conditions on ships, which is where you don't get a private room until you're the captain of the ship, basically... (Laughter)

Q: We had Admiral Boorda out to talk to us earlier this week, and he said that one of his goals for the next year is to shift from, I think the way he put it was here's why you should leave with the drawdown, and here's why you should stay. I guess you've heard the same...

A: I listen to Admiral Boorda among others.

Q: Is this part of that... I'm not saying you're doing Admiral Boorda's program, he does yours. But is this part and parcel of that? This is the beginning of convincing people to stay?

A: Yes. In fact to a certain extent we are doing Admiral Boorda's program. He was one of the people who was very influential in my thinking of what needs to be done here. He brings a very special perspective to this problem. He's been in the Navy at all ranks. A lot of his time in the Navy has been spent dealing with personnel problems. He brings a special sensitivity.

One of the reasons he was a strong candidate for the Chief of Naval Operations is because of his background, his sensitivity, understanding of the sailors' needs and being willing to work for them.

So I listened to many people when we put this plan together, but he was one of the people I listened especially carefully to.

Q: Could you talk a little bit more about what the problems were with the private development of housing in the past? You mentioned that there were [scoring] problems, but frankly, I didn't understand what they were.

A: Without getting into a lot of detail on this, let me simply say that the idea was we've got land on the bases available for housing; they went to a private developer and he built land and leased it to people; but the deal that they set up was an arrangement whereby he built the land on the property, the government

made some sort of commitment to him that he would get leases for some number of years.

The Congress then looked at that and said that commitment is committing the government's funds, and therefore it has to be scored as if it were an appropriation. So that effectively caused it to be scored as if all the cost of the lease the next 20 years was going to be charged to the budget for that year because there was a government commitment.

Q: So you're looking for innovation..

A: We're looking for a way that does not involve that kind of a problem. That's right.

Q: Mr. Secretary, this is a very impressive set of initiatives, and we're especially appreciative that you've taken this time to go over them with us. As one of the editors said yesterday looking at the paper, do you realize how many editorials there are... [Laughter]

Thank you.

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